

**A. Syracuse – RESTORE III – The Connective Corridor: Building Upwards (X273)**

December 16, 2010

General Project Plan

- Grantee:** City of Syracuse (“Syracuse” or the “City”)
- Beneficiary Organization:** The Public Broadcasting Council of Central New York, Inc. d/b/a WCNY and/or an affiliate/subsidiary to be formed (“WCNY”)
- ESD Investment:** A grant of up to \$5,000,000 to be used for construction related costs associated with the rehabilitation and renovation of 109 Wyoming Street in Syracuse.
- Project Location:** 109 Wyoming Street, Syracuse, Onondaga County
- Project Completion:** August 2012
- Grantee Contact:** Benjamin Walsh, Deputy Commissioner  
Department of Neighborhood and Business Development  
City Hall  
233 East Washington Street, Room 312  
Syracuse, NY 13202  
Phone: (315) 448-8028 Fax: (315) 448-8036
- Beneficiary Contact:** Robert Daino, President  
506 Old Liverpool Road  
Syracuse, NY 13220-2400  
Phone: (315) 453-2424 Fax: (315) 451-8824
- Project Team:**
- |                    |                |
|--------------------|----------------|
| Project Management | Robin Alpaugh  |
| Legal              | Richard Dorado |
| Affirmative Action | Helen Daniels  |
| Environmental      | Soo Kang       |

**Project Description:**

Background

Syracuse is located in the geographic center of New York State and has been called the “Crossroads of New York State” due to its central location and proximity to the New York State Thruway/Route 81 intersection. The City continues to focus on the revitalization of its urban core in order to remain competitive in attracting and retaining both residents and businesses. The Connective Corridor project is a \$30 million joint effort by the City and Syracuse University (“SU”) to connect University Hill, the cultural institutions, and Downtown Syracuse via a comprehensive streetscape and transportation improvement plan. New York State has committed \$20 million for the Connective Corridor project, \$10 million to be administered by ESD (Project #V916, approved by the ESD Directors on January 15,

**A. Syracuse – RESTORE III – The Connective Corridor: Building Upwards (X273)**  
December 16, 2010

2009) and \$10 million to be administered by the Dormitory Authority of the State of New York. The Connective Corridor project will also be receiving Federal monies.

The Connective Corridor: Building Upwards (“CCBU”) project is targeting properties located at strategic intersections along the Connective Corridor route that will assist in re-establishing the urban core of Syracuse as the hub of commercial, social and cultural activity in the region. Two of these properties are the focus of the City’s Restore III project which was awarded \$6.3 million in Restore III funds - \$5 million for 109 Wyoming Street and \$1.3 million for 215 West Fayette Street (Project #W828 - approved by the ESD Directors on June 24, 2010 - located in the heart of downtown Syracuse and one of the last remaining vacant buildings in the Armory Square historic district, will be renovated into 14 market rate residential units and street level retail space).

Several local and revitalization plans have served as foundations for development of the CCBU project. The City of Syracuse’s Comprehensive Plan 2025 identified seven “Strategic Economic Areas” that support distinct economic development opportunities. Downtown Syracuse was one of the strategic economic areas. The CCBU is also consistent with a sustainable design assessment team report that recommended a focus on downtown Syracuse as the location where public investments can generate the greatest multiplier impacts; and with the goals of the Syracuse Neighborhood Initiative, a local housing and public improvement program started through the efforts of local officials.

Restore III funding is considered integral to the success of the CCBU as it leverages a significant amount of private, state and federal investment dollars. It complements the CCBU renovation projects which play a crucial role in the ongoing revitalization of the urban core as a social, economic, residential and cultural hub.

The City has been the past recipient of Restore NY funding. Round I secured a \$50,000 grant for the demolition of a structure on a brownfield site (fully disbursed) and two grants for two properties in downtown Syracuse for environmental abatement related costs - \$1,750,000 for the Hotel Syracuse (partially disbursed) and a \$350,000 grant for the Wilson Building, part of a 4-building project set to begin shortly. Round II secured a \$4.5 million grant for the City Core Revitalization project which entailed the renovation and rehabilitation of 7 properties in downtown Syracuse (1 property completed, 3 properties underway and 3 properties in various stages of project initiation) and a \$ 2,900,000 grant to provide new commercial and community spaces (under development) and increase the number of owner-occupied residents (underway) in the Near West Side community.

The Project

The 109 Wyoming Street site will be the new home of WCNY, the public broadcasting station of Central New York and a key component of the CCBU. WCNY is currently located in the suburbs and the Near Westside Initiative, Inc. (“NWSI”) is partnering with WCNY to bring its replacement broadcast and operations center to the City’s Near West Side community. NWSI is a not-for-profit organization formed in 2006 to promote the redevelopment and revitalization of the Near West Side and was initially capitalized by SU.

**A. Syracuse – RESTORE III – The Connective Corridor: Building Upwards (X273)**  
December 16, 2010

The relocation and creation of a new WCNY headquarters in the Near West Side will bring 75 existing full-time and part-time equivalent employees as well as five new employees to this community.

The \$5 million in Restore III funds will be used for rehabilitation and renovation costs associated with the relocation of WCNY into an existing, vacant 220,000 square foot facility owned by NWSI. The project entails the rehabilitation of 57,900 square feet of space to be leased to WCNY and/or an affiliate/subsidiary to be formed for its new headquarters, with another 12,700 square feet of area reserved for future use by WCNY. Site and conceptual design work was completed by King and King, Architects LLP. The general contractor is expected to be hired during the first quarter of 2011. Future plans for the remaining space in the facility include 17,500 square feet for an adult literacy organization, additional commercial tenant space, approximately 17 apartment/condominium live/work units, and space for neighborhood-based services and companies. Total costs for the WCNY relocation project are estimated at \$17,500,000 with a projected August 2012 completion date.

Financing Uses	Amount	Financing Sources	Amount	Percent
Acquisition	\$340,000	ESD Restore III Grant (X273)	\$5,000,000	29%
Construction	\$8,120,000	ESD - City -by-City Grant (V912) **	\$2,000,000	11%
Infrastructure/Site Preparation	\$1,050,000	City Equity ***	10,500,000	60%
Equipment	\$4,470,000			
Indirect/Soft Costs*	\$3,520,000			
<b>Total Project Costs</b>	<b>\$17,500,000</b>	<b>Total Project Financing</b>	<b>\$17,500,000</b>	<b>100%</b>

\* Includes professional services, contingencies, legal, financing fees, engineering, and inspections costs.

\*\* Being presented to the ESD Directors in separate materials

\*\*\* Sources of equity:

\$4,000,000 – New Market Tax Credits (net benefit)

\$4,000,000 – WCNY Capital Contributions to be bridged by JP Morgan Chase

\$2,500,000 – part of a \$13.5 million loan forgiveness fund between ESDC and SU

agreed to in August 2007 – SU, as outlined in its reinvestment proposal, will play a major role in an effort to revitalize the Near West Side Neighborhood of the City by transforming a group of former warehouses and commercial structures into residences and workspaces for artists, designers, technologists, and innovators, using advanced environmental concepts and technologies.

**Financial Terms and Conditions:**

1. Upon execution of the grant disbursement agreement, the City will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The City will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.

**A. Syracuse – RESTORE III – The Connective Corridor: Building Upwards (X273)**  
December 16, 2010

3. The City will ensure the contribution of at least a 10% match of the grant amount to the Project.
4. Up to \$5,000,000 will be disbursed to Grantee after (a) Grantee’s execution of a Grant Disbursement Agreement (the “Agreement”) (b) Grantee’s delivery to ESDC of documents satisfactory to ESDC as required for the advance on Exhibit B, Construction Requirements, of the Agreement, (c) satisfaction of the conditions set forth in Section 3- Conditions Precedent to Disbursement of the Grant, of the Agreement, (d) written confirmation satisfactory to ESDC that all real estate and construction documents required by JPMorgan Chase Bank (the “Bank”) for the New Market Tax Credit (“NMTC”) financing of the Project have been received by the Bank and are satisfactory to the Bank for the closing of the NMTC financing for the Project, (e) assuming that all project approvals have been completed and funds are available, and (f) provided Grantee is otherwise in compliance with the terms and conditions of the Agreement. Subject to the foregoing, funds will be wired to the Grantee at the time of closing and funding of the NMTC financing arrangement for the Project.

The Bank will be the construction funding disbursement servicer for releases of construction funding, including the Grant proceeds, from the disbursement account for Project costs. When the Grant beneficiary requests a release of the construction funding proceeds, it will submit the required certifications. An independent architect or engineer retained by the disbursement servicer will be responsible for verifying and signing off for each release of funds. Copies of such certifications and verifications and copies of the Grant beneficiary’s architect, general contractor and other contractor draw documentation shall be provided to the investment fund, the beneficiary and the City of Syracuse, the Grantee, so that the Grantee can provide copies of these certifications, verifications and documentation to ESDC. The Grantee shall promptly after receipt of same provide to ESDC true and complete copies of these certifications, verifications and documentation.

The Grantee will be obligated to submit to ESDC within 90 days of substantial completion of the Project satisfactory documentation for eligible expenditures for the Project of approximately \$17,000,000, including not less than \$500,000 in matching funding, for payment of eligible expenditures, provided, however, that previously expended funds, retroactive to June 23, 2006 (when the Restore New York Legislation was enacted) may be applied toward the Grantee’s match requirement. Expenses must be incurred on or after May 4, 2009 to be considered Project costs eligible for payment with Grant funds.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$5,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the City and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

**A. Syracuse – RESTORE III – The Connective Corridor: Building Upwards (X273)**  
December 16, 2010

6. If the Grantee is not the owner of the Project, then the Grantee shall prohibit, for five years from the date of the initial disbursement of Grant funds, any transfer of the Project in whole or in part, by sale, lease, or conveyance of any interest in or with respect to the Project except (a) transfers of minor interests in the Project site, such as utility easements and limited rights-of-way, and (b)(i) the arms-length basis sale or lease of individual condominium units in the ordinary course of business for a condominium development and (ii) the arms-length basis residential or commercial lease in the ordinary course of business for a commercial, residential, or mixed-use rental development. In the event that such a prohibited transfer occurs within such five-year period, the Grantee shall pay to ESD, promptly upon ESD's written demand therefor, the applicable amount indicated below.

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar year after the disbursement was made.

**Environmental Review:**

The City of Syracuse, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on October 29, 2009. ESD staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

**Affirmative Action:**

ESD's Non-Discrimination and Affirmative Action policy will apply. The City of Syracuse shall use its best efforts to achieve Minority and Women-owned Business Enterprise participation of not less than 5% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the construction work related to the Project and meaningful Minority and Female Workforce participation.

**A. Syracuse – RESTORE III – The Connective Corridor: Building Upwards (X273)**  
December 16, 2010

**Statutory Basis – Restore NY Communities:**

Land Use Improvement Project Findings

1. The area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest sound growth and development of the municipality.

The CCBU project is rooted in Syracuse’s strategic planning efforts to strengthen its downtown core and adjacent neighborhoods. Syracuse’s population peaked at 221,000 in 1950, and has experienced a steady decline since, reaching its current population of approximately 146,000. The area’s that have experienced the most significant impacts of this economic downturn have been the downtown and the surrounding neighborhoods, creating clusters of highly underutilized or abandoned structures. The Near West Side is one of the poorest census tracts in the country. Downtown Syracuse continues to have a significantly high vacancy rate, with some blocks containing a majority of vacant or underutilized structures.

A strong urban core and healthy neighborhoods are vital to the revitalization of Syracuse. The implementation of the CCBU project will significantly aid in the further revitalization of both areas and will also greatly succeed in connecting these two distinct places.

2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.

The City of Syracuse Comprehensive Plan 2025 has provided a basis of support for a strong urban core and revitalized commercial corridors. The plan identifies the City’s center core as a “strategic economic area” offering distinct economic development opportunities and recommends a number of actions including development of downtown market rate housing opportunities and the preservation and revitalization of historic structures, consistent with the buildings included in the CCBU project. Continued investment in this area will create a stronger City core, thus furthering the stabilization of Syracuse’s downtown.

In addition to the Comprehensive Plan 2025, the City has been working with Syracuse University to develop strategic plans for the Near Westside neighborhood. Specifically, this new vision focuses on an 11-block area (28 acres) at the northeast corner of the Near West Side that will include new commercial/residential mixed-use developments in a 3-block area and investments in residential properties in an 8-block area.

3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

The City published a property assessment list and held a public hearing on the project at the time of application. The City will ensure compliance with all applicable local laws and regulations.

**A. Syracuse – RESTORE III – The Connective Corridor: Building Upwards (X273)**  
December 16, 2010

4. The requirements of Section 10(g) of the Act are satisfied.  
There are no families or individuals displaced from the Project area.

December 16, 2010

Syracuse (Onondaga County) – Syracuse – RESTORE III – The Connective Corridor:  
Building Upwards – Restore NY Communities 08-09 (Capital Grant) – Determination of  
No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Syracuse – RESTORE III – The Connective Corridor: Building Upwards Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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